

Message Text

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C O N F I D E N T I A L MOSCOW 5624

E.O. 11652: GDS
TAGS: EAID, PORG, UR
SUBJECT: DISCUSSIONS ON SOVIET VIEWS TOWARD THIRD WORLD PROBLEMS

SUMMARY: DURING DISCUSSIONS APRIL 22 IMEMO OFFICIALS INDICATED TO EMBASSY OFFICERS THAT THEY ARE AWARE OF NO GENERAL CRITERIA FOR SOVIET ECONOMIC ASSISTANCE PROGRAMS TO DEVELOPING COUNTRIES (LDC'S). THEY WERE FRANK, HOWEVER, TO CONCEDE PARAMOUNTCY TO POLITICAL AND IDEOLOGICAL CONSIDERATIONS AND SEEMED TO GIVE CLEAR PREFERENCE TO BILATERAL OVER MULTILATERAL ASSISTANCE AS LOGICAL CONSEQUENCE. THEY SPOKE IN GUARDEDLY POSITIVE TERMS CONCERNING COMMON FUND TO SUPPORT COMMODITY AGREEMENTS, BUT WANTED FORMULA ENSURING THAT SOVIET FINANCIAL CONTRIBUTION WOULD BE MODEST. THEY ALSO ACKNOWLEDGED THAT SOVIET TRADE WITH LDC'S WOULD GROW AT RELATIVELY SLOW PLACE. SOMEWHAT SURPRISINGLY, OFFICIALS CONCEDED THEY WERE UNINFORMED ABOUT US PROPOSALS IN 1976 AND 1977 TO FIND MEANS FOR UTILIZATION OF NON-CONVERTIBLE CURRENCIES IN UN DEVELOPMENT PROGRAM. WHILE ACKNOWLEDGING THIS SUBJECT MIGHT MAKE FOR INTERESTING RESEARCH, THEIR GENERAL ATTENTION TO ENSURING HIGH IMPACT ASSISTANCE AT LOW COST TO USSR DOES NOT AUGUR THAT THEIR SCIENTIFIC FINDINGS WOULD BE VERY HELPFUL TO US POSITION.

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END SUMMARY.

1. E/C COUNSELOR AND EMBOFF CALLED APRIL 22 ON GYORGIY I. MIRSKIY, HEAD OF DEPARTMENT FOR SOCIAL AND POLITICAL PROBLEMS OF THIRD WORLD COUNTRIES, AND PROFESSOR GYORGIY SKOROV, BOTH OF THE INSTITUTE FOR THE WORLD ECONOMY AND INTERNATIONAL RELATIONS (IMEMO), FOR DISCUSSION OF SOVIET

AID AND ASSISTANCE POLICY TOWARDS THESE COUNTRIES. (THREE OTHER IMEMO OFFICIALS PARTICIPATED IN THIS DISCUSSION BUT ONLY MIRSKIY AND SKOROV SPOKE.) BOTH MIRSKIY AND SKOROV SPOKE WITH SEEMING FRANKNESS, EMPHASIZING THAT THEY ARE ACADEMICIANS AND NOT "GOVERNMENT" OFFICIALS. THEY WERE CANDID IN COMMENTS ON SOVIET AID POLICY, LEAVING CLEAR INFERENCE THAT POLITICAL AND IDEOLOGICAL QUESTIONS ARE PRIME FOR USSR AND THAT BILATERAL CHANNELS ARE BEST FOR THE LIMITED HELP SOVIETS CAN GIVE THOSE THEY DEEM WORTHY OF AID.

2. AT OUTSET MIRSKIY ACKNOWLEDGED THAT IN PRINCIPLE THERE IS MUTUAL ADVANTAGE AND COMPETITION, ALIKE, IN EAST/WEST RELATIONSHIP WITH RESPECT TO LDC'S, BUT HE NOTED LITTLE EVIDENCE OF SUCCESSFUL COOPERATION TO DATE AND FELT THAT POLITICAL DIFFERENCES WOULD CONTINUE TO POSE SERIOUS IMPEDIMENT. ACKNOWLEDGING THAT SOVIET TRADE WITH THE THIRD WORLD IS LAGGING WELL BEYOND GROWTH OF TRADE WITH WEST AND WITH "SOCIALIST" COUNTRIES ALIKE, MIRSKIY SAID SOMEWHAT DEFENSIVELY THAT ALTHOUGH THIS TREND WOULD CONTINUE, THERE WOULD BE AN INCREASE IN SOVIET TRADE WITH LDC'S IN ABSOLUTE TERMS.

3. ASKED WHETHER GROMYKO UN STATEMENT LAST FALL INDICATED SOVIETS PREFER TO GIVE AID THROUGH BILATERAL CHANNELS TO CHOSEN FRIENDS, MIRSKIY AGREED THAT THIS WAS SO. POLITICAL AND IDEOLOGICAL CONSIDERATIONS ENTER INTO SOVIET AID CALCULATIONS, AND THE SOVIETS DO NOT WANT TO SEE THEIR CONTRIBUTION SUBMERGED BY LARGER WESTERN AID. THE USSR HAS ONLY LIMITED RESOURCES, AND IT IS DIFFICULT TO DECIDE WHETHER

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IT CAN DO MORE ECONOMICALLY TO AID LDC'S HE SAID.

4. SOVIET OFFICIALS WERE REPEATEDLY ASKED TO INDICATE WHAT GUIDELINES OR CRITERIA APPEAR TO COVER SOVIET AID POLICY. THE FACT THAT THEY WERE UNABLE TO DO SO STRUCK EMBASSY OFFICERS RATHER AS EVIDENCE THAT SOVIET UNION PREFERS AD HOC DECISIONS THAN AS ANY DESIRE BY MIRSKIY OR SKOROV TO CONCEAL THEIR VIEWS. MIRSKIY POINTED TO IRAN AS EXAMPLE OF LDC WHICH GETS SOVIET HELP. ASKED IF TURN OF FORTUNES IN INDIA COULD HAVE SOME EFFECT ON SOVIET AID FOR THAT COUNTRY, SKOROV COMMENTED THAT AID WAS NOT DEPENDENT UPON THE ELECTION RETURNS BUT ACKNOWLEDGED THAT CHANGE IN RECIPIENT GOVERNMENT MIGHT INFLUENCE SOVIET THINKING. IMEMO SPOKESMEN ALSO RESISTED EFFORTS TO DRAW THEM OUT ON WHAT WOULD BE APPROPRIATE MINIMUM PERCENT OF GNP FOR AID CONTRIBUTIONS. THEY CITED US AS CONTRIBUTING ONLY ONE-THIRD OF ONE PERCENT OF GNP TO AID - EMBASSY OFFICERS RECALLED ROLE OF US PRIVATE DEVELOPMENT ASSISTANCE IN THIS CONTEXT - BUT WOULD NOT SAY WHAT THEY THOUGHT USSR OUT TO GIVE. THEY ALSO ADVANCED WELL-KNOWN

ARGUMENT THAT USSR, INNOCENT OF THE CAUSES OF LDC ASSISTANCE NEEDS, DID NOT HAVE SAME DUTY AS WEST TO PROVIDE AID. SKOROV STATED THAT THE SOVIETS PREFER TO EXTEND AID IN THE FORM OF LOANS RATHER THAN GRANTS. IF THERE WERE REPAYMENT PROBLEMS, THE TERMS COULD BE EXTENDED ON AN INDIVIDUAL BASIS.

5. DURING DISCUSSION OF COMMON FUND FOR COMMODITIES, SKOROV SAID SOVIET ATTITUDE IS THAT LDC'S THEMSELVES SHOULD DECIDE HOW MANY COMMODITIES SHOULD BE COVERED. HE VOLUNTEERED, HOWEVER, THAT THE BROADER THE COVERAGE, THE MORE DIFFICULT WOULD BE THE FUND TO IMPLEMENT. HE SAID THAT THE USSR OBJECTS TO A FORMULA WHICH WOULD FORCE USSR TO PAY ITS CONTRIBUTION BASED ON SHARE IN TOTAL WORLD TRADE, SINCE TRADE WITH "SOCIALIST" COUNTRIES SHOULD OBVIOUSLY BE EXCLUDED FROM DATA BASE. HE MADE IT CLEAR THAT PURPOSE OF FUND, IN SOVIET VIEW, SHOULD BE ONLY TO

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STABILIZE PRICES, NOT TO PROVIDE DIRECT ASSISTANCE TO PRODUCERS. HE PROPOSED THAT AN EQUITABLE CRITERION WOULD BE THE SOVIET SHARE IN TRADE IN THE RAW MATERIALS TO BE COVERED. SKOROV EXPRESSED THE OPINION THAT SOVIET SYSTEM OF TRADING, WHERE LONG-TERM CONTRACTS COULD BE DRAWN UP, REPRESENTED THE IDEAL SOLUTION TO THE PROBLEM OF STABILITY.

6. SKOROV ADMITTED THAT HE HAD PREVIOUSLY HEARD NOTHING CONCERNING THE PROBLEM OF CONTRIBUTIONS TO UNDP IN NON-CONVERTIBLE CURRENCIES (ECON COUNSELOR REVIEWED PROBLEM AND US PROPOSALS FOR HIM), BUT THOUGHT THAT IT WAS A PROBLEM WHICH IMEMO COULD WELL LOOK INTO. ASKED ABOUT PROSPECTS FOR CONVERTIBILITY IN GENERAL, SKOROV SAID IT HAD BEEN A CEMA GOAL FOR MANY YEARS BUT HAD NOT ADVANCED ONE STEP CLOSER IN THE INTERVENING PERIOD.

7. COMMENT: WHAT IS MOST STRIKING IN DISCUSSION WAS THE FRANKNESS OF THE IMEMO OFFICIALS IN ACKNOWLEDGING THE IMPORTANCE OF THE POLITICAL AND IDEOLOGICAL FACTORS IN SOVIET FOREIGN AID PROGRAMS AND THEIR CLEAR PREFERENCE FOR USE OF BILATERAL CHANNELS. IN EFFECT THE SOVIET UNION WOULD NOT CONSIDER GRANTING AID WHERE THERE WAS NO CLEARLY PERCEIVED ADVANTAGE TO BE GAINED FOR THE USSR. THIS EXPLAINS SOVIET DISLIKE FOR MULTILATERAL DEVELOPMENT AID AGENCIES AND WOULD, IN OUR VIEW, MILITATE AGAINST A POSITIVE DECISION ON THE FORM OF THEIR CONTRIBUTION TO THE UNDP. IN VIEW OF OVERALL SOVIET ATTITUDES TO HELP THEMSELVES FIRST, WE WOULD NOT BE VERY HOPEFUL THAT AN IMEMO STUDY OF THE UNDP'S UNUSED NON-CONVERTIBLE CURRENCIES WOULD LEAD TO VERY USEFUL RESULTS FROM THE US POINT OF VIEW. TOON

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